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ADMINISTRATIVE AND FINANCIAL MATTERS

Note by the Executive Secretary

Addendum

I. INTRODUCTION

1. An initial report on the review of administrative arrangements of the Convention, pursuant to decision 17/CP.3, paragraph 2, was contained in section IV of document FCCC/CP/1998/8. Further information on progress made in the review is reported in this addendum (see section II below).

2. The draft omnibus decision on administrative and financial matters requested by the Subsidiary Body for Implementation (SBI) (see FCCC/SBI/1998/6, para. 71) is contained in the annex to this addendum.

II. ADMINISTRATIVE ARRANGEMENTS

A. Background

3. The delegation of authority given to the Executive Secretary is clear, but both the Convention secretariat and United Nations Office at Geneva (UNOG) agree that the current administrative arrangements need to be improved by transferring more responsibilities to the secretariat and by defining precisely the division of labour between the two offices. This was also noted by the reports of the Office of Internal Oversight Services and the Board of Auditors of the United Nations (FCCC/CP/1998/9 and FCCC/CP/1998/ INF.1). The aim of these

improvements will be to strengthen the secretariat's capacity for autonomous operation in Bonn and to minimize transaction costs arising from its geographical separation from UNOG. It will be necessary, in consequence, to redistribute the 13 per cent programme support charge in proportion to the administrative tasks performed.

B. The review

4. In view of the above, UNOG and UNFCCC undertook a comprehensive review of the current arrangements with the objective of achieving efficiency and simplification. The general conclusion is that those administrative responsibilities that can be handled by the secretariat in Bonn should be transferred to UNFCCC. The transfer of responsibility would be matched with a transfer of resources from the programme support costs to cover staff and other related costs.

5. At present, two posts at the professional level and five posts at the general service level are funded from the overhead budget. The current administrative workload of the secretariat significantly exceeds the number of posts provided from the programme support budget, as evidenced by the need to borrow funds from other sources to maintain the current operations. In order to assume full responsibility for administration and strengthen the capabilities of the secretariat, particularly in financial and personnel management, increased resources will be allocated to UNFCCC from the 13 per cent charged by the United Nations for programme support costs.

6. Following the review, a joint recommendation by UNOG and UNFCCC was submitted to the Under-Secretary-General for Administration and Management of the United Nations that UNFCCC take over financial, personnel and procurement functions in a phased and planned manner. Under the revised arrangements, the secretariat would assume all administrative responsibilities, with the exception of the functions that require authority outside the delegation of the Executive Secretary, such as, internal and external audit, issuance of travel documents (United Nations laissez-passer) and matters related to administrative bodies established by the Secretary-General.

C. Current situation

7. The Under-Secretary-General for Administration and Management has agreed, in principle, with the changes proposed by the secretariat and UNOG. The secretariat, UNOG and United Nations Headquarters will now start discussions to agree on a timetable for a phased transfer of functions and increased remittance of overhead funds.

8. The Executive Secretary will report to the SBI, at its tenth session, on the progress made in implementing the new administrative arrangements and the allocation of programme support funds, taking into account any guidance received from the Conference of the Parties at its fourth session.

Annex

Draft decision by the Conference of the Parties

Administrative and financial matters

The Conference of the Parties,

Recalling its decision 16/CP.3, paragraph 4, and decision 17/CP.3, paragraph 2,

Bearing in mind General Assembly resolution 52/215 of 22 December 1997 revising the United Nations scale of assessments, and considering the recommendation of the Subsidiary Body for Implementation (SBI) to revise the indicative scale of contributions to the core budget on the basis of the revised United Nations scale of assessments,

Having considered the information contained in documents FCCC/CP/1998/8 and Add.1, FCCC/CP/1998/9, FCCC/CP/1998/10, FCCC/CP/1998/INF.1 and FCCC/CP/1998/INF.6,

I. Financial statements and audited reports, 1996-1997

1. *Takes note* of the audited financial statements for the biennium 1996-1997, and the audit reports by the Office of Internal Oversight Services and by the Board of Auditors of the United Nations;

2. *Expresses appreciation* to the United Nations for arranging the timely audits of the operations of the Convention secretariat, and for the valuable audit observations and recommendations;

3. *Takes note* of the actions taken by the Executive Secretary to implement the recommendations made by both the internal and external auditors;

[to be completed]

II. Financial performance, 1998-1999

4. *Takes note* of the initial report on financial performance in 1998, including the status of contributions to all the trust funds of the Convention;

5. *Expresses appreciation* to Parties that have paid their contributions to the core budget and particularly to Parties which have made additional voluntary contributions towards the Trust Fund for Participation in the UNFCCC Process and the Trust Fund for Supplementary Activities;

6. *Also expresses its appreciation* to the Government of Germany for its annual contribution of DM 3.5 million and its special contribution to the core budget of DM 1.5 million, as host Government to the secretariat in Bonn;

7. *Urges* Parties which have not paid their contributions to the core budget for 1996, 1997 or 1998, to do so without further delay and *recalls* that contributions for 1999 are due on 1 January 1999;

III. Administrative arrangements

8. *Takes note* of the developments reported by the Executive Secretary in his discussions with the United Nations regarding administrative arrangements for the Convention;

9. *Endorses* the efforts of the United Nations and the Executive Secretary to achieve a more rational and efficient approach to the administrative arrangements between the secretariat and the United Nations;

10. *Requests* the Executive Secretary to report to the SBI at its tenth session on progress made in implementing the new administrative arrangements;

IV. Financial procedures

11. *Adopts* the indicative scale of contributions to the core budget contained in the annex to this decision which is based on the revised United Nations scale of assessments and which follows the principle that all Parties should contribute to the Convention budget;

12. *Amends* paragraph 7 (a) of the financial procedures (as contained in decision 15/CP.1, annex I) to read as follows: "Contributions made each year by Parties on the basis of the indicative scale adopted by consensus by the Conference of the Parties, and based on such a scale of assessments of the United Nations as may be adopted from time to time by the General Assembly, adjusted so as to ensure that no Party contributes less than 0.001 per cent of the total; that no one contribution exceeds 25 per cent of the total; and that no contribution from a least developed country Party exceeds 0.01 per cent.";

V. Programme budget, 2000-2001

13. *Requests* the Executive Secretary to submit a proposed programme budget for the biennium 2000-2001 for consideration by the SBI at its tenth session;

14. *Requests* the SBI at its tenth session to recommend a programme budget for adoption by the Conference of the Parties at its subsequent session.

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